

HUMAN SERVICES DEPARTMENT[441]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code section 249A.4 and 2017 Iowa Acts, House File 653, section 12(15)(a)(4), the Department of Human Services amends Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Iowa Administrative Code.

This amendment implements the cost-containment strategy to adjust the inpatient diagnostic related group (DRG) cost outlier threshold formula to be the greater of two times the statewide average DRG payment for that case, or the hospital’s individual DRG payment for that case plus \$75,000. The current formula is the greater of two times the statewide average DRG payment for the case, or the hospital’s individual DRG payment for the case plus \$16,000.

The Council on Human Services adopted this amendment on June 14, 2017.

Pursuant to Iowa Code section 17A.4(3), the Department finds that notice and public participation are unnecessary because emergency rule making is authorized by 2017 Iowa Acts, House File 653, section 12(15)(c).

Pursuant to Iowa Code section 17A.5(2)“b”(1)(a), the Department also finds that the normal effective date of this amendment, 35 days after publication, should be waived and the amendment made effective July 1, 2017, because 2017 Iowa Acts, House File 653, section 12(15)(c), authorizes the Department to adopt emergency rules to implement this cost-containment strategy.

This amendment is also published herein under Notice of Intended Action as **ARC 3166C** to allow for public comment.

This amendment does not provide for waivers in specified situations because requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

After analysis and review of this rule making, no impact on jobs has been found.

This amendment is intended to implement Iowa Code section 249A.4 and 2017 Iowa Acts, House File 653, section 12(15)(a)(4).

The Administrative Rules Review Committee reviewed this amendment on June 13, 2017.

This amendment became effective July 1, 2017.

The following amendment is adopted.

Amend subparagraph **79.1(5)“f”(3)** as follows:

(3) Cost outliers. Cases qualify as cost outliers when costs of service in a given case, not including any add-on amounts for direct or indirect medical education or disproportionate share costs exceed the cost threshold. This cost threshold is determined to be the greater of two times the statewide average DRG payment for that case or the hospital’s individual DRG payment for that case plus ~~\$16,000~~ **\$75,000**. Costs are calculated using hospital-specific cost-to-charge ratios determined in the base-year cost reports. Additional payment for cost outliers is 80 percent of the excess between the hospital’s cost for the discharge and the cost threshold established to define cost outliers. Payment of cost outlier amounts shall be paid at 100 percent of the calculated amount and made at the time the claim is paid.

Those hospitals that are notified of any outlier review initiated by the QIO must submit all requested supporting data to the QIO within 60 days of the receipt of outlier review notification, or outlier payment will be forfeited and recouped. In addition, any hospital may request a review for outlier payment by submitting documentation to the QIO within 365 days of receipt of the outlier payment. If requests are not filed within 365 days, the provider loses the right to appeal or contest that payment.

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